

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-10 EUR-12 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 NRC-05
/138 W

-----125333 061822Z /46

R 061247Z MAR 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 6383
INFO AMEMBASSY BONN
AMEMBASSY VIENNA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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VIENNA FOR IAEA

DEPT PASS EXIMBANK

E.O. 11652: NA
TAGS: EFIN, ENRG, BR
SUBJECT: EXIM FINANCING FOR ANGRA I PROJECT

1. EXIMBANK OFFICIALS, ACCOMPANIED BY CONGEN RIO E/C CHIEF, MET WITH FURNAS (BRAZILIAN POWER COMPANY WHICH WILL OWN AND OPERATE ANGRA I PLANT) DIRECTOR FOR FINANCE JORGE LINS FREIRE ON MRCH 2 TO DELIVER EXIM LETTER AGREEING TO DOLS 35 MILLION INCREASE IN ANGRA I FINANCE PACKAGE. THIS IS THE SECOND INCREASE ABOVE THE ORIGINAL AMOUNT, AND BRINGS THE TOTAL TO DOLS 208 MILLION. FREIRE SAID FURNAS WAS PLEASED TO RECEIVE THE ADDITIONAL FUNDING, BUT IS CONSIDERING POSSIBLITY OF REQUESTING ONE ADDITIONAL INCREASE OF DOLS 18-20 MILLION AND WOULD ALSO LIKE TO HAVE THE AVAILWBILITY
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DATE FOR THE DISBURSEMENTS UNDER THE SECOND INCREASE EXTENDED FROM NOVEMBER 1978 TO MAY 1979.

2. THE EXTRA FINANCING WOULD BE NEEDED FOR (1) REPLACE-
MENT OF CONDENSER TUBES (DOLS 6 MILLION) TO MEET NEW
SECURITY REQUIREMENTS RECOMMENDED BY WESTINGHOUSE; (2)
CERTAIN OTHER TECHNICAL UPGRADING TOTALLING PERHAPS DOLS

2 MILLION; AND (3) PAYMENTS TO WESTINGHOUSE AFTER EXPIRATION OF ORIGINAL CONTRACT ON SEPTEMBER 30, 1978. THIS LAST INCREASE, FREIRE EXPLAINED, WAS DIRECTLY OCCASIONED BY THE FIRE LAST NOVEMBER (SEE REFTTEL) WHICH HAD RESULTED IN DELAYS IN COMPLETION: "HOT TESTS" WOULD NOW NOT TAKE PLACE UNTIL SEPTEMBER 1979 REPEAT 1979 AND FULL OPERATION WOULD NOT BEGIN UNTIL THE FIRST MONTHS OF 1980. WHILE WESTINGHOUSE NO LONGER WOULD QUALIFY FOR THE DOLS 4 MILLION "EARLY COMPLETION" BONUS (WHICH EXIM COULD NOT FINANCE), IT WAS ENTITLED UNDER CONTRACT TO BILL FOR ADDITIONAL SERVICES PERFORMED FROM OCTOBER THIS YEAR ONWARD. FURNAS HAS ALREADY RECEIVED A FIGURE FROM WESTINGHOUSE OF DOLS 750,000 PER MONTH FOR THE LAST QUARTER, AND BELIEVES THIS FIGURE WILL CONTINUE THROUGH 1979 -- ADDING SOME DOLS 11 MILLION TO TOTAL COST.

3. EXIM OFFICIALS EXPLAINED THAT SECOND-INCREASE COMMITMENT COULD NOT EASILY BE INCREASED TO COVER THESE ADDITIONAL REQUIREMENTS, SINCE CONGRESSIONAL NOTIFICATION (25 CONGRESSIONAL WORKING DAYS) REQUIREMENT FOR NUCLEAR FACILITIES HAD ALREADY BEEN CARRIED OUT BEFORE EXIM BOARD ACTED ON FEBRUARY 28 TO APPROVE PACKAGE. EXTENDING THE AVAILABILITY DATE WAS, ON THE OTHER HAND, SOMETHING WHICH THE BOARD COULD DO. FREIRE SAID FURNAS WANTED TO PROCEED ON THE BASIS OF ACCEPTING THE DOLS 35 MILLION, SEEKING THE EXTENSION OF THE DATE, AND LATER REQUESTING AN ADDITIONAL LIMITED OFFICIAL USE

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FINANCE INCREASE FROM EXIM. IT WOULD TELEX THE DATE EXTENSION REQUEST TO EXIM, AND THUS COULD PROCEED WITHOUT THE DELAY IMPLIED BY A NEW REQUEST TO THE CONGRESS.

4. ABOVE MESSAGE PREPARED BY AMCONGEN RIO DE JANEIRO.

5. EXEMPT FROM AUTOMATIC DECONTROL.
JOHNSON

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, ANGRA I, LOANS, NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRASIL01677
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Film Number: D780100-1176
Format: TEL
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t197803104/aaaadkih.tel
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Litigation Codes:
Litigation History:
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Message ID: 6b3df8b7-c288-dd11-92da-001cc4696bcc
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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TAGS: EFIN, ENRG, MNUC, BR, XMB
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